

## Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 PA-01 PRS-01 USIE-00 L-02 H-02 SAM-01

AID-05 CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00

TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01

OMB-01 SS-15 NSC-05 NSCE-00 INRE-00 SSO-00 /076 R

DRAFTED BY EUR/IB:WPKELLY:MJK

APPROVED BY EUR/IB - MR. LUKENS

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FM SECSTATE WASHDC

TO AMEMBASSY LISBON IMMEDIATE

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E.O. 11652: N/A

TAGS: EINV, PO, US

SUBJECT: HERTZ TO LEAVE PORTUGAL

1. HERTZ CORPORATION INFORMED PORTUGUESE DESK OFFICER THIS MORNING THAT COMPANY HAS MADE FINAL DECISION TO LIQUIDATE HERTZ AUTO RENTAL OPERATIONS IN PORTUGAL. DECISION IS BASED EXCLUSIVELY UPON HERTZ'S PAST EXPERIENCE IN PORTUGAL AND ON COMPANY PROJECTIONS FOR TOURIST PROSPECTS FOR 1975 AND 1976. -

2. HERTZ REALIZES THAT ITS ACTION MAY BE INTERPRETED AS POLITICAL IN ITS MOTIVATION. FOR THIS REASON, COMPANY IS ANXIOUS TO COOPERATE WITH THE GOP TO GREATEST EXTENT POSSIBLE AND TO FOLLOW EXISTING PORTUGUESE LABOR LEGISLATION (ADVANCE NOTICE TO WORKERS, PAYMENT OF SEVERANCE PAY, ETC) TO THE LETTER. IN MEETING WITH HERTZ OFFICIALS MARCH 20, DEPTOFFS (EUR, L, AND EB) DISCUSSED PORTUGUESE POLITICAL  
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SITUATION AND SUGGESTED THAT IN ORDER TO MINIMIZE POTENTIAL

POLITICAL PROBLEMS AND TO AVOID DISMISSAL OF WORK FORCE  
HERTZ CONSIDER NEGOTIATED SALE OF COMPANY TO WORKERS  
GROUP, GOP OR THE NATIONALIZED BANK TO WHICH HERTZ OWES  
NEARLY \$1 MILLION. -

3. IN TODAY'S CONVERSATION, HERTZ OFFICIAL:

A. SAID HERTZ LOCAL MANAGERS IN LISBON (AN IRISH AND  
ISRAELI CITIZEN RESPECTIVELY) PLAN TO INFORM WORKERS OF  
DECISION EITHER TODAY OR TOMORROW.

B. PROMISED THAT BEFORE TALKING TO WORKERS, HERTZ  
MANAGERS WILL CONTACT EMBASSY TO BRIEF THEM (THEY HAVE  
BEEN REFERRED TO PASTORINO)

C. SAID THAT HERTZ IS AMENABLE TO DEPTOFFS SUGGESTION  
(PARA 2) AND WOULD LIKE EMBASSY TO USE ITS GOOD OFFICES  
IN ASSISTING HERTZ ARRANGE FOR APPROPRIATE CONTACTS  
IN GOP TO PURSUE POSSIBLE SALE OF AUTO RENTAL OPERATIONS  
IN ORDER TO KEEP EMPLOYEES WORKING.

4. BEGIN FYI. HERTZ HAS "BUY-BACK" AGREEMENT WITH  
FORD UNDER WHICH FORD MUST PAY A GUARANTEE PRICE FOR  
EACH HERTZ AUTO. IF ENTIRE FLEET WERE TO BE SOLD  
BACK TO FORD, HERTZ WILL REALIZE AMOUNT EXCEEDING OUT-  
STANDING INDEBTEDNESS TO PORTUGUESE BANK. IN  
TERMINATING ITS PORTUGUESE OPERATIONS, HERTZ WANTS  
TO PRESERVE POSSIBLE OPTION OF RETURNING TO PORTUGAL  
WHEN AND IF TOURIST BUSINESS IMPROVES. END FYI. KISSINGER

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## Message Attributes

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